

VZCZCXRO9990  
PP RUEHAG  
DE RUEHSM #1452/01 2551315  
ZNY CCCCC ZZH  
P 121315Z SEP 06  
FM AMEMBASSY STOCKHOLM  
TO RUEHC/SECSTATE WASHDC PRIORITY 1031  
INFO RUEHXX/ARAB ISRAELI COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAD/AMEMBASSY ABU DHABI 0074  
RUEHAM/AMEMBASSY AMMAN 0095  
RUEHAK/AMEMBASSY ANKARA 0131  
RUEHTH/AMEMBASSY ATHENS 0073  
RUEHBJ/AMEMBASSY BEIJING 1007  
RUEHRL/AMEMBASSY BERLIN 0398  
RUEHSW/AMEMBASSY BERN 3051  
RUEHSL/AMEMBASSY BRATISLAVA 0104  
RUEHBS/AMEMBASSY BRUSSELS 4531  
RUEHBR/AMEMBASSY BRASILIA 0101  
RUEHBM/AMEMBASSY BUCHAREST 0381  
RUEHEG/AMEMBASSY CAIRO 0038  
RUEHBY/AMEMBASSY CANBERRA 0677  
RUEHCP/AMEMBASSY COPENHAGEN 2921  
RUEHDO/AMEMBASSY DOHA 0048  
RUEHDL/AMEMBASSY DUBLIN 0097  
RUEHHE/AMEMBASSY HELSINKI 0214  
RUEHKU/AMEMBASSY KUWAIT 0267  
RUEHLI/AMEMBASSY LISBON 0158  
RUEHLJ/AMEMBASSY LJUBLJANA 0185  
RUEHLO/AMEMBASSY LONDON 0404  
RUEHLE/AMEMBASSY LUXEMBOURG 0938  
RUEHMD/AMEMBASSY MADRID 2167  
RUEHMK/AMEMBASSY MANAMA 0068  
RUEHMO/AMEMBASSY MOSCOW 1179  
RUEHNC/AMEMBASSY NICOSIA 0329  
RUEHNY/AMEMBASSY OSLO 2312  
RUEHOT/AMEMBASSY OTTAWA 2140  
RUEHPG/AMEMBASSY PRAGUE 0941  
RUEHRB/AMEMBASSY RABAT 0179  
RUEHRK/AMEMBASSY REYKJAVIK 0065  
RUEHRH/AMEMBASSY RIYADH 0082  
RUEHRO/AMEMBASSY ROME 0342  
RUEHSF/AMEMBASSY SOFIA 0464  
RUEHTL/AMEMBASSY TALLINN 2289  
RUEHTC/AMEMBASSY THE HAGUE 3727  
RUEHKO/AMEMBASSY TOKYO 0712  
RUEHVT/AMEMBASSY VALLETTA 0228  
RUEHVI/AMEMBASSY VIENNA 0242  
RUEHVL/AMEMBASSY VILNIUS 1997  
RUEHWR/AMEMBASSY WARSAW 2347  
RUEHWL/AMEMBASSY WELLINGTON 0111  
RUCNDT/USMISSION USUN NEW YORK 0199

C O N F I D E N T I A L SECTION 01 OF 09 STOCKHOLM 001452

SIPDIS

SIPDIS

E.O. 12958: DECL: 09/06/2016

TAGS: [EAID](#) [PREL](#) [LE](#) [SW](#)

SUBJECT: LEBANON DONORS CONFERENCE IN STOCKHOLM AUGUST 31

REF: STATE 139903

Classified By: NEA PDAS Jeffrey, reason 1.4 (b) and (d).

Summary and Comment

-----  
11. (SBU) Donors pledged 942 million USD in early recovery and humanitarian aid at the August 31 Stockholm Conference for Lebanon,s Early Recovery, nearly double the 500 million target set by the Government of Sweden, which hosted the event. Representatives from 50 countries as well as UN agencies, International Financial Institutions, the European Commission and European Union and International NGOs attended the conference. Conference participants universally expressed their support for the full implementation of 1701 and a

majority of speakers called for an immediate end to the Israeli blockade. Several delegates specifically addressed the provisions relating to the securing of Lebanon's borders and the need to end illegal arms transfers. Many of the statements called on the parties to respect international law, and to facilitate humanitarian access. Participants expressed their solidarity with the Lebanese people and their support for a strong GOL able to extend its authority throughout its territory. Many specifically welcomed the &#8220;courageous&#8221; decision to deploy the Lebanese Army in the South and along the border with Syria, and expressed their support for the expeditious deployment of UNIFIL. Reflecting the rapid transition from the emergency response phase to early recovery, the UN revised its humanitarian flash appeal downward to 96 million. The appeal was already funded at a level of 89 million, leaving a shortfall of only 7 million.

¶2. (SBU) In expressing their support for the recovery and reconstruction process, many delegates cautioned that achieving lasting peace and stability for Lebanon requires a parallel effort to reach a political solution to address the root causes of conflict in the region, explicitly linking the situation in Lebanon to the Israeli-Palestinian conflict. Lebanese Prime Minister Siniora blamed Israel for wiping out &#8220;fifteen years of post-war development...in a matter of days&#8221; and accused Israel of &#8220;repeatedly and willfully&#8221; violating international law, including the Geneva Conventions. His comments were echoed in numerous statements by delegates from the region.

STOCKHOLM 00001452 002 OF 009

¶3. (C) Comment: In contrast with what he told us during a private meeting (septel), Siniora's public presentation was much more polemical. Most other participants joined in the call for the lifting of the blockade but did not make anti-Israeli political statements. The Lebanese wanted to start their presentation with a very unbalanced film, which blasted Israel but did not mention what started the conflict. The Swedes and Lebanese previewed the film for us. After hearing that we would walk out if they insisted on showing it in "prime time" when the audience was full, they then agreed to show it in the afternoon, when there were far fewer people in attendance (and only one person representing the US delegation). We were able to negotiate the Chairman's Summary to include language on "the opening of Lebanese harbors and airports for civilian purposes." The language on the blockade read as follows: "It was recognized that the continued Israeli blockade constitutes a major impediment to the early recovery process. Participants urged that the call by the UNSYG to lift the blockade be heeded." The Lebanese had pressed for a specific call on Israel, that we rejected as unbalanced.

¶4. (C) Comment continued: During Amb Tobias' press conference, he was peppered with mostly political questions regarding the US position on the Israeli blockade. He responded by referring to the need for the full implementation of 1701 as the road to the solution of this problem. Asked about the position of the US with respect to contributions to a fund and potential involvement of Hizballah in the distribution of assistance, he responded that different donors have different means of assisting and reiterated the importance of matching resources with the GOL's priorities and effective coordination. END SUMMARY AND COMMENT.

#### DAMAGE ASSESSMENT AND THE NATIONAL EARLY RECOVERY PROCESS

-----

¶5. (SBU) The GOL presented a preliminary damage assessment and a summary of early recovery initiatives, supported by a 43-page strategy document entitled &#8220;Setting the stage for long-term reconstruction: The national early recovery process&#8221;, available online at:

<http://www.sweden.gov.se/sb/d/7018>.

16. (SBU) Lebanese PM Fouad Siniora told delegates that his country sustained billions of dollars of damage to infrastructure and property. He estimated the indirect costs at billions more. GOL estimates of the direct impact on the Lebanese side of the month-long conflict include the following:

--Civilian casualties and displacement: more than 1,100 killed, more than 4,000 wounded, and one million displaced.

--Shelter: more than 30,000 housing units totally or partially destroyed.

--Widespread threat from unexploded ordnance (UXO).

--Electricity sector: estimated at 114 million.

--Telecommunications infrastructure: 134 million in damage.

--Transportation infrastructure: 484 million in damage to roads, bridges and airports.

--Government infrastructure: 4 million in damage to government buildings and supplies.

--Health: extensive damage to health facilities, including 34 million in damage to five government hospitals, reduced access to health facilities and increased risk of epidemic disease outbreaks, and exhaustion of medical supplies.

--Education: 36 million in damage, including 40-50 schools totally destroyed and 300 damaged.

--Water and sanitation: 81 million in damage to water pumping, storage and distribution networks and sewerage systems.

--Environment: 10,000-15,000 ton spill of heavy fuel oil.

--Industry: preliminary estimate of 220 million in direct damage to industrial infrastructure and losses in productivity of up to 30 million per day.

STOCKHOLM 00001452 004 OF 009

--Agriculture: extensive damage to farming equipment and infrastructure, loss of harvests and reduced access to markets, as well as damage to the fishing industry.

--Public finance: the anticipated net impact of revenue shortfalls and increased expenditures is 1.5 billion.

--The GOL also outlined the impact of the conflict on unemployment and livelihoods as well as the needs of vulnerable groups, including Palestinian refugees.

#### SUMMARY OF PLEDGES

17. (SBU) An initial GOS estimate placed the total pledged at the conference at USD 942 million. A Swedish MFA official later provided the following refined breakdown of the top ten pledges (in millions): Qatar 300; United States 180; Arab Fund 112; Saudi Arabia 60; European Commission 91; UAE 50; Italy 38; Spain 94; Germany 28; and Sweden 20. The revised total is thus 973 million, not including numerous pledges of less than 20 million.

18. (SBU) In estimating the pledges, the Swedish MFA worked with OCHA to separate out old pledges, loans, and assistance directed to other purposes in an attempt to include only new pledges for early recovery. The GOS estimated the U.S.

pledge at 180 million, excluding 55 million in emergency assistance already delivered from the total U.S. pledge of more than 230 million, announced by President Bush the previous week. The inclusion of the already announced U.S. contribution apparently became the source of some controversy following a question at a press event after the conference.

OPENING STATEMENT BY SWEDISH PM GOERAN PERSSON  
-----

¶9. (SBU) Swedish Prime Minister Goeran Persson hailed the adoption of 1701 and the resulting cessation of hostilities. He acknowledged the &tragic loss of life in both Lebanon and Israel8. Sounding a theme that was reiterated by speakers throughout the day, he spoke of the dual challenge of rebuilding Lebanon and securing the long-term peace by addressing root causes. In an interdependent world, he said events in Lebanon and the Middle East have &immediate and

STOCKHOLM 00001452 005 OF 009

far-reaching consequences8. Persson urged the governments of Lebanon and Israel to move towards a permanent political settlement in accordance with the principles outlined in 1701, including the implementation of the Taif Accords and of UNSCR 1559. He expressed support for the SG,s call to lift the blockade. Persson called on aid to be flexible and disbursed quickly and in a way that ensures the involvement of all parts of society.

OPENING STATEMENT BY LEBANESE PM FOUAD SINIORA  
-----

¶10. (SBU) Lebanese PM Fouad Siniora told delegates that his country sustained billions of dollars of damage to infrastructure and property during what he described as an &unjustified war8 against his country. He estimated the indirect costs at billions more. He reminded participants of Lebanon,s economic recovery prior to the crisis and summarized the destruction caused by the conflict in detail, blaming Israel for wiping out &fifteen years of post-war development...in a matter of days8. Siniora also blamed the Lebanese debt burden in large part on &repeated Israeli aggressions8 and accused Israel of &repeatedly and willfully8 violating international law, including the Geneva Conventions.

¶11. (SBU) Siniora discussed the steps his government has taken to implement 1701, including the movement of forces into the South and the deployment of 8,600 troops to the border with Syria. He said Israel responded by further punishing Lebanon and delaying the cessation of hostilities for three days. He also accused Israel of not complying with 1701 even after the cessation of hostilities, and called on delegates to press for an immediate end to the &illegal air, sea, and land blockade8. He also decried Israel,s use of cluster munitions as a &clear violation of international humanitarian law8.

¶12. (SBU) Siniora reviewed the early recovery and reconstruction objectives of the GOL, beginning with assistance for the remaining displaced population before the onset of winter, addressing the needs of vulnerable groups, reopening air and sea ports, rebuilding essential infrastructure and providing basic services in affected areas. He indicated the initial needs assessment prepared by

STOCKHOLM 00001452 006 OF 009

the GOL for the conference would be further refined in the future.

¶13. (SBU) Siniora announced a &Rebuilding the Nation of Hope8 initiative involving donor funds, direct contributions, or sponsorships of reconstruction projects, villages or schools.

¶14. (SBU) Siniora closed by linking the crisis in Lebanon to the Israeli-Palestinian conflict and calling for the root

causes of the conflict to be addressed. War has brought Israel neither security nor peace, he said, warning that the will of the peoples of the region to resist grows stronger with each village destroyed and each massacre committed. He called military solutions both unacceptable and totally unrealistic and declared partial political tracks and unilateral initiatives a failure. He pledged to work unrelentingly to achieve peace in the region, the birthplace of the three great religions. Siniora said the Lebanese people are determined to build a strong and democratic state and to reclaim the position of Lebanon as a haven of plurality, moderation, tolerance and freedom in the region.

STATEMENT BY UN DEPUTY SG MARK MALLOCH BROWN

15. (SBU) Brown lamented the years of painstaking reconstruction un-done with breathtaking speed. He lauded the determination of the Lebanese people, as well as their technical capacity in engineering, planning and construction, and the energy of the private sector. He said the Lebanese people are looking to this conference for a signal that the international community is ready to assist their efforts to rebuild Lebanon as a stable, independent, democratic, prosperous country at peace with itself and its neighbors.

16. (SBU) As the humanitarian situation has stabilized, Brown said Lebanon is quickly progressing from emergency response to the early stages of recovery and reconstruction, a trend reflected in the downward revision of the UN's humanitarian flash appeal. He also credited the great national unity of the Lebanese people and their willingness to assist those displaced by the fighting with averting a potential humanitarian catastrophe. Brown indicated the UN is supporting the establishment of a recovery and

STOCKHOLM 00001452 007 OF 009

coordination cell within the office of the PM, and the GOL is carrying out a comprehensive assessment for a longer-term National Recovery Plan.

STATEMENT ON UN SUPPORT FOR EARLY RECOVERY

17. (SBU) Dr. Thoraya Obaid, Executive Director of UNFPA, delivered a statement on behalf of UNDG expressing support for GOL leadership of the early recovery process. She said the UN and World Bank, as well as local and international organizations, worked with the GOL on the development of rapid assessments whose preliminary results are summarized in the strategy document. Obaid highlighted cooperation between the GOL and the UN system on the campaign to have children back in school by October 9, the importance of assistance to Palestinian refugees who sheltered displaced Lebanese or who were themselves displaced, and the need to jump-start the Lebanese economy and restoring livelihoods with cash transfers, micro-finance initiatives and cash-for-work schemes. Obaid said the UNDG is prepared to support the GOL in establishing and administering an early recovery fund that would allow donors to pool resources and provide quick funding to early recovery initiatives.

REVISED UN HUMANITARIAN FLASH APPEAL

18. (SBU) Citing the displacement of one million people in a period of two weeks, UN Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator Jan Egeland described the crisis in Lebanon as one of the most dramatic ever. He noted that hundreds of thousands of Israelis were also displaced. The first response, said Egeland, came from the Lebanese people themselves, from local governments and municipalities and civil society.

19. (SBU) The UN responded soon after through a disbursement from the Central Emergency Response Fund (CERF). OCHA used a cluster model to help ensure a coordinated response by implementing agencies with one lead agency for



each of six clusters: logistics (WFP), water and sanitation (UNICEF), health and nutrition (WHO), food (WFP), emergency shelter (UNHCR) and protection (UNHCR).

¶20. (SBU) Egeland described the system of humanitarian hubs

STOCKHOLM 00001452 008 OF 009

and corridors used to bring humanitarian supplies into affected areas during the hostilities. He displayed a graph of the number of trucks deployed per day during the crisis to illustrate the intermittent clearances for access he said OCHA was able to obtain through its communications channels with the IDF.

¶21. (SBU) Since the cessation of hostilities, 70 percent of IDPs have returned home. Reflecting the rapid transition from the emergency response phase to early recovery, Egeland reported that the flash appeal has been revised downward to 96 million. The appeal has already been funded at a level of 89 million, leaving a shortfall of only 7 million.

¶22. (SBU) Egeland said OCHA had obtained &shocking new information<sup>8</sup> that 90 percent of cluster munitions used in Lebanon during the conflict were dropped in the final three days of fighting. He estimated the total number of UXO at 120,000 at least 100,000 of which he said are unexploded cluster bombs.

¶23. (SBU) He said remaining humanitarian priorities going forward: potable water, water/sanitation, emergency shelter, UXO clearance and mine action, emergency health supplies and fuel supplies.

#### WORLD BANK STATEMENT

¶24. (SBU) Country Director for Lebanon Joe Saba spoke about the economic challenges facing the country. The pre-crisis recovery is now likely sharply reversed and the economy is expected to contract. Saba said the GOL must lead a recovery and reconstruction effort that is &realistic and guided by the resources available<sup>8</sup> without increasing the debt burden.

He indicated the GOL has asked the World Bank for assistance in identifying resources for an education project; scaling up existing projects, including the Beqaa and Southern Beirut water and sanitation projects; conducting economic and social impact assessments; expenditure reviews and contingency modeling; financial sector- and institution building; and cost and feasibility analyses. Saba invited other UN agencies to join in these efforts.

#### EU PRESENTATIONS

STOCKHOLM 00001452 009 OF 009

¶25. (SBU) Speaking on behalf of the EU, Minister for Foreign Trade and Development of Finland Paula Lehtomaeki delivered a statement endorsing GOL leadership of the reconstruction effort and welcoming the establishment of a relief and recovery cell in the office of the PM to assume responsibility for coordination. Lehtomaeki recognized the civilian suffering on both sides. She urged Israel to lift the air and sea blockade, while acknowledging the need for effective measures to prevent arms not authorized by the GOL from entering the country. She reminded the parties to the conflict of their obligation under international humanitarian law to grant humanitarian access. Lehtomaeki cited contributions of troops and support functions for UNIFIL from member states as evidence of the EU,s commitment to the rapid and full implementation of 1701. She also expressed the EU,s commitment to a comprehensive peace plan for the Middle East.

¶26. (SBU) EC External Affairs Commissioner Benita Ferrero-Waldner announced a package of humanitarian relief

and early recovery assistance. She said the EC is also supporting a Reconstruction Assistance Facility to help the government to lead the recovery effort. She said the development objectives of EC assistance include economic and institutional reforms, and the recovery effort must be organized in the context of longer-term political and institutional development.

¶27. (SBU) Ambassador Marc Otte spoke on behalf of the Council of the EU, stressing the need to go beyond the cessation of hostilities and work toward a lasting political solution. He described peace and stability in the Middle East as an essential European interest<sup>8</sup>.  
WOOD